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SUBJECT: Enlisting Senegal's New Prime Minister to Stay the MCC Course

11. (SBU) SUMMARY: In a meeting with the Ambassador, Prime Minister Souleymane Ndn Ndiaye expressed his willingness to build upon the Millennium Challenge Corporation (MCC) Compact relationship that was established by his predecessor. Ndiaye showed great interest in the MCC initiative and assured the Ambassador that the Government of Senegal (GOS) is committed to this partnership. The PM indicated that he will make every effort to advance the initiative to ensure completion of the country's proposal within the agreed upon timeframe. End Summary.

12. (SBU) The Ambassador described the size, scope, and ongoing MCC design work to the PM, who was appointed in the April 30, 2009 cabinet reshuffle, along with the steps required to meet a September deadline to sign the compact. The group of projects under consideration has been developed, and final feasibility studies are being completed. The Ambassador explained to the PM that there will likely be something less than \$500 million available to finance the projects' major irrigation and transport investments in the northern and southern regions of the country. (FYI: The focus of the MCC proposal will significantly increase Senegal's overall agricultural production capabilities and transport infrastructure. The proposed projects will also address several issues such as increasing water management, irrigation capabilities and helping to market Senegalese agricultural products to local, regional and international markets, including the US. End FYI)

13. (SBU) USAID Director Kevin Mullally underlined that USAID is working with the MCC to leverage this transformative investment with technical assistance, support for policy reform, and improved technologies to maximize the impact of the Compact. The PM was especially interested in the administrative and logistical structures required to rapidly execute those contracts necessary to execute the compact. He instructed his staff to make every possible effort to ensure a rapid start-up of the activities once the Compact is signed. The PM's staff assured him that the work will be managed using MCC approved structures, similar to a Project Implementation Unit (PIU). The work being completed will enable the PIU to issue Requests for Proposal soon after the compact is signed, essentially gaining up to a year in design time.

14. (SBU) The Ambassador emphasized that Senegal's MCC scorecard requires a continuing need for improvement of certain indicators, including on health expenditure, increasing primary Education completion for girls, land rights and access, and fiscal policy.

15. (U) The PM took the suggestions to improve a number of the MCC indicators and emphasized his goal was also to improve long standing electricity shortages and to better manage petroleum-related price fluctuations. The GOS is looking to put greater emphasis on solar energy and other alternative energy sources, he added, especially in rural areas. The Prime Minister also requested additional assistance to provide potable water for the population. This issue is of utmost concern for the GOS, he said, and they would like targeted assistance especially for coastal populations where potable water is scarce. Finally, the Prime Minister requested support for women, and for efforts that would alleviate some of their workload

in rural areas.

¶6. (SBU) Comment: Prime Minister Ndiaye had on June 5 shown an unexpected, but welcomed, willingness to field a series of blunt concerns from the core group of donors (local representatives and ambassadors from the International Monetary Fund, World Bank, African Development Bank, European Union, Resident Representatives as well as Germany and France, in addition to the U.S.). The Core Group raised concerns ranging from delays in development projects caused by frequent cabinet reshuffles and the reassigning of responsibility for the "eastern" donors (China, India and the Middle East) to the newly-appointed Minister of State for International Cooperation, Urban and Regional Planning, Air Transport, and Infrastructure and son of the Senegalese President Karim Wade. Ndiaye's responsiveness and ready willingness to meet monthly with donors to address these and other issues suggests he may have the political will to deliver. Ndiaye will need much heft towards trying to dispense development assistance to an unimpressed electorate. The March 2009 elections have demonstrated that the SOG's efforts have been viewed as lacking. Bernicat